

FISCAL NOTE

Bill #: SB0285

Title: Organize and simplify motor vehicle laws

Primary Sponsor: Story, B

Status: As Amended in House Committee

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	(\$2,752,187)	(\$2,755,163)
State Special Revenue	\$0	\$0
Revenue:		
General Fund	(\$2,752,187)	(\$2,755,163)
State Special Revenue	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

- SB 285 simplifies and clarifies motor vehicle laws by revising four main areas of motor vehicle statute:
 - (1) multiple fees are combined to reduce the absolute number of fees,
 - (2) motor vehicle related definitions are made specific and moved to one section of law,
 - (3) collections of motor vehicle revenues are moved to the Department of Justice (DOJ), and
 - (4) motor vehicle transfers to agencies are changed from being based on vehicle counts from prior years, to a percentage of current general fund revenue collections.
- Under current law, there are numerous fee amounts located in multiple locations. SB 285 consolidates fee amounts paid universally by like vehicles and provides for them in a single location; 61-3-321, MCA. The total fee amounts by vehicle type are the same as under current law. For instance, along with GVW and other fees, all heavy vehicles currently pay three separate fees of \$0.25, \$0.50, and \$22.00; each of the fee amounts are provided for in separate sections of statute. Under the proposal, all heavy vehicles would pay a single registration fee of \$22.75 (along with other current law fees and taxes based on multiple criteria).
- SB 285 consolidates only fees paid universally. Other taxes and fees are still assessed and distributed based on current law; these include county option taxes, GVW fees, title fees, plate fees, personalized plate fees, specialty license plate amounts, donations, etc.

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4. Current motor vehicle definitions are located in several areas of law, and the same word or term could have different meanings in reference to different motor vehicle regulations, registration, and taxes. SB 285 creates a single section of law for motor vehicle definitions, and a single term has one meaning. SB 285 by making the laws specific will make interpreting the law less complex.
5. Effective July 1, 2006, the reporting of motor vehicle and driver licensing revenues is transferred to the Department of Justice (DOJ). DOJ's new accounting system for motor vehicle and driver licensing applications will be in operation when this transfer occurs. The development and design of the new accounting system will incorporate the requirements of accounting for these monies.
6. Motor vehicle revenue transfers to agencies are currently based on prior years counts of certain motor vehicles. For example FY 2005 transfers are based on calendar 2003 vehicle information. This causes problems when a new fee transfer is necessary because specific data does not exist for a new fee. For example, the transfer amount for the optional \$4 parks recreation fee that became effective January 1, 2004, could not be determined for FY 2005 because data was not available until January 2005, or FY 2006.
7. SB 285 changes the current bases for transfers to agencies from a prior year vehicle count, to a percentage of total general fund collections. This change will effectively remove the lag from when revenue is received and when it is transferred. Additionally, by attaching each transfer to general fund vehicle collections and growth, it will work to stabilize transfer amounts to agencies.
8. SB 285 changes where the \$4.00 optional state parks fee specified in 61-3-321, new sub (18)(a), is deposited. Current law specifies that the revenue amounts are deposited to the general fund, then transferred via 15-1-122, MCA, to the state special revenue fund to the credit of Fish, Wildlife & Parks (FWP) for state parks. SB 285 accounts for and transmits the amounts collected from this fee directly into the state special revenue fund for state parks. Per assumption #6, because the current law transfer mechanism to agencies uses prior year vehicle counts, this revenue could not be transferred via current law: DOR already accounts for these amounts separately and places these fees directly into the state special revenue fund for state parks. SB 285 revises the law to account for practicality and current practice. The \$4.00 optional fee is expected to generate \$2.8 million a year over the biennium. General fund revenue is reduced by \$2.8 million, but an offsetting \$2.8 million is saved from the general fund since this transfer is no longer made. Both the general fund and the state special revenue account for state parks have a net revenue impact of \$0 with SB 285 changing how the \$4.00 fee is deposited.
9. Under current law, snowmobiles used exclusively as daily rentals pay registration fees equal to \$40.50 the first year of registration, then the full permanent registration fees would be due in the second year (equal to \$60.50). SB 285 amended, allows owners of snowmobiles used exclusively as daily rentals to register in the second year for \$20, before being required to permanently register the snowmobile in the third year and pay the full amount of fees equal to \$60.50. SB 285 amended will in effect allow owners of these snowmobiles to register the snowmobile for a two-year period for \$60.50, or what they would have paid had they permanently registered the snowmobile. It is unknown how many snowmobiles would register in the second year under this amendment, but the fiscal impacts are expected to be nominal.

Fiscal Impacts

10. DOJ anticipates revenue *increases* equal to the cost of one auditor position, or \$47,813 in FY 2006, and \$44,837 in FY 2007.

Administrative Costs

11. DOJ anticipates an additional one FTE (Grade 15) will be needed for auditing and training. The cost for one FTE is \$40,761 in FY 2006, and \$40,761 in FY 2007.

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12. One time start up operating costs of \$2,976 in FY 2006 for a new employee package, including a desk, chair, 3-shelf bookcase, computer, and 2-drawer file cabinet.
13. Ongoing operating costs in FY 2006 and subsequent years are estimated at \$4,076 for phones, supplies, communications, computer usage, and travel.
14. Total cost of one auditor position is estimated at \$47,813 (\$40,761 + \$2,976 + \$4,076) in FY 2006, and \$44,837 (\$40,761 + \$4,076) in FY 2007. However, per assumption #8, DOJ anticipates additional revenue equal to the cost of the 1 FTE auditor.

FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
FTE	1	1
<u>Expenditures:</u>		
Personal Services	\$40,761	\$40,761
Equipment	\$7,052	\$4,076
Transfer (<i>FW&P \$4 optional fee</i>)	(\$2,800,000)	(\$2,800,000)
TOTAL (<i>Savings</i>)	(\$2,752,187)	(\$2,755,163)
<u>Funding of Expenditures:</u>		
General Fund (01) (<i>Savings</i>)	(\$2,752,187)	(\$2,755,163)
<u>Revenues:</u>		
General Fund (01)	(\$2,752,187)	(\$2,755,163)
State Special Revenue (02)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$0	\$0
State Special Revenue	\$0	\$0

TECHNICAL NOTES:

1. SB 671 is a proposal that would also significantly amend motor vehicle statute, including fee and tax statutes. If both SB 285 and SB 671 pass, coordination language would be necessary.
2. SB 318 revises registration and licensing for quadricycles. If both SB 285 and SB 318 pass, coordination language would be necessary.
3. SB 518 allows the owner of a motorcycle, off-road vehicle, snowmobile, travel trailer, or watercraft the option of registering the vehicle annually. This bill and SB 518 would have conflicting statutes because under SB 285 universal fee amounts for motorcycle, off-road vehicle, snowmobile, travel trailer, or watercrafts are combined. SB 518 by allowing the optional annual registration of these vehicles alters these fees so that they are no longer universal. Additionally, SB 285 changes the transfers to agencies from being based on prior year vehicle counts, to be based on a percentage of current general fund revenues. Significant modifications to SB 285 would be necessary to coordinate with SB 518 if both were passed.
4. HB 87, like SB 285 transfer fleet vehicle registrations from Department of Transportation to Department of Justice.